



CLIMATE
ACTION
RESERVE



2013
ANNUAL
REPORT



The Climate Action Reserve's roots are in forestry, and describing the organization's year in 2013 is much like describing the forests we work to protect. During the year, we continued to strengthen our roots in California and in establishing high quality standards for reducing greenhouse gas (GHG) emissions through offset projects. We were honored to continue our long history of working closely with the state on its pioneering environmental initiatives, and in 2013 the core of our work focused on supporting California's Cap-and-Trade Program.

During the year, we also experienced new, organic growth. This growth came through international expansion and the continued development of our Reserve program. Climate change is a global issue that requires collaboration across borders to truly address it. We were proud to be very active in working with other jurisdictions, countries and international organizations to advance climate change solutions. One of our greatest achievements of 2013 was the adoption of our Mexico Forest Protocol, which established rigorous standards for forest carbon enhancement activities in the country and was developed with an unprecedented level of involvement from *ejidos*, local communities, nonprofits, and government agencies in Mexico.

We would not have had the ability to deepen our roots or grow into new areas without the support from our long-time collaborators or without our new partners that we cultivated this year. I would like to thank all of you for your ongoing involvement in our work. And in the new year ahead, we are looking forward to continuing our work together.

Warm regards,
Gary Gero
President

About the Climate Action Reserve

The Climate Action Reserve is a nonprofit carbon offset registry working to ensure the environmental benefit, integrity and transparency of GHG emissions reduction projects in the California Cap-and-Trade Program, the North American voluntary carbon market, and international cap-and-trade programs.

The Reserve establishes rigorous, performance-based protocols for carbon offset projects. The regulatory-quality protocols provide standardized methodologies to quantify, monitor and verify GHG emissions reductions. In addition to protocol development, the Reserve serves the California compliance program and the voluntary carbon market by registering offset projects, overseeing verification and issuing offset credits.

The Reserve's emphasis on conservative accounting methodologies, its depth of knowledge and experience, and its unparalleled level of transparency result in offset credits that clearly and consistently demonstrate adherence to the principle of being real, additional, permanent, verifiable and enforceable.

The Reserve's Work and Partnerships



In 2013, the Reserve drew on its expertise in carbon accounting and standards setting to serve as a leader, supporter and convener of initiatives to advance climate change solutions. The organization maintained its core focus on serving California's pioneering Cap-and-Trade Program and was honored to continue work as a California-accredited Offset Project Registry (OPR) and Early Action Offset Program. Over the entire year, it issued the overwhelming majority of offset credits that were eligible to transition into compliance credits for use in California's Cap-and-Trade Program. The Reserve's work in compliance programs also expanded beyond California and U.S. borders. It continued protocol development work in Mexico and collaborated with international groups and governments, most notably with the Government of Kazakhstan to support the development of its emission trading program with reliable and trusted offset provisions.

Strategic partnerships were fundamental to the Reserve's work in 2013. The partnerships provided support for the organization's initiatives and also allowed the Reserve to contribute its expertise and experience to the advancement of other organizations' and associations' work. The Reserve continued working closely with the World Bank Partnership for Market Readiness (PMR) by participating in work groups and presenting at PMR meetings. It also continued playing an active role in the development of REDD+ standards internationally through its partnerships with the World Bank Forest Carbon Partnership Facility (FCPF) and the REDD Offset Working Group (ROW). On its own home front, the Reserve strengthened its partnership with fellow Los Angeles environmental nonprofit Climate Reserve by jointly hosting several events highlighting environmental work in Los Angeles and California.

PROJECT MAP

- F Forest
- L Livestock
- O Organic Waste Digestion
- O Organic Waste Composting
- L Landfill
- O Ozone Depleting Substances
- N Nitric Acid Production
- C Coal Mine Methane
- U Urban Forest



RESERVE STATISTICS

AS OF DECEMBER 31, 2013

ACCOUNT HOLDERS	319
TOTAL PROJECTS	465
CRTS ISSUED	43,485,659
Avoided Conversion	942,248
Conservation-Based Forest Management/ IFM	8,276,793
Landfill Gas Capture/Combustion	15,711,594
Livestock Gas Capture/Combustion	1,304,498
Livestock Gas Capture/Combustion – Mexico	575
Ozone Depleting Substances – Article 5	4,009,926
Ozone Depleting Substances – U.S.	6,315,677
Coal Mine Methane	377,015
N2O Secondary & Tertiary Abatement	5,116,007
Organic Waste Digestion	44,457
Organic Waste Composting	163,337
CRTS CONVERTED TO ARB OFFSET CREDITS (ARBOCS) – EARLY ACTION:	3,428,763
U.S. Forests	1,370,408
Livestock Gas Capture/Combustion	31,348
Ozone Depleting Substances – U.S.	2,027,007
CRTS CONVERTED TO ARBOCS – COMPLIANCE:	107,542
Ozone Depleting Substances – U.S.	107,542
TOTAL CRTS RETIRED:	8,556,683



RESERVE PROGRAM HIGHLIGHTS

The California Air Resources Board's first forest and livestock carbon offsets eligible for use in the state's Cap-and-Trade Program were issued to four early action projects registered with the Reserve.

The Reserve and Parhelion Underwriting Ltd. entered into a strategic alliance to deliver the first insurance protection against invalidation for livestock and ODS compliance offset credits in California's Cap-and-Trade Program.

John Laird, Secretary for the California Natural Resources Agency, and Marnie Funk, Senior Government Relations Advisor at Shell, joined the Reserve Board of Directors.

The Reserve and Carbon Trade Exchange began a partnership that allows carbon market participants to seamlessly trade Climate Reserve Tonnes (CRTs) through a commodities exchange for the first time.

PROTOCOLS

The Reserve made the following achievements in regards to its ongoing protocol development:

- *Adopted the Mexico Forest Protocol, which sets rigorous standards for forest carbon enhancement activities in Mexico and establishes a high level of social and environmental safeguards.*
- *Continued our work to update the Urban Forest Project Protocol and furthered the development of protocols to address grassland projects/soil carbon in the U.S. and energy efficiency and renewable energy projects in Mexico.*
- *Adopted Version 4.0 of the U.S. Livestock Project Protocol.*

EVENTS

The Reserve successfully hosted the 11th annual Navigating the American Carbon World conference April 16-18 in San Francisco. Over 600 climate professionals gathered for information, discussion and networking to advance market-based solutions to climate change. The outstanding speaker lineup included Larry Schweiger (President & CEO, National Wildlife Federation), Christiana Figueres (Executive Secretary, UNFCCC), Matt Rodriquez (Secretary, California EPA), Mary Nichols (Chairman, California ARB), Joseph Goffman (Senior Counsel to the Assistant Administrator for Air and Radiation, U.S. EPA), and Richard Muller (Professor of Physics and University Distinguished Teacher, UC Berkeley).

The Reserve also hosted several panel discussions at COP19 in Warsaw, Poland that allowed the international climate community to gain a deeper understanding of the pioneering initiatives in California and other subnational and national governments.

Besides serving as host to a number of successful events, the Reserve also was honored to participate in several high level events as a guest speaker. These events included: the World Bank FCPF Working Group Meeting held by the World Bank in Oslo, the Swiss International Workshop on Domestic Offset Schemes held in Zurich by the Swiss Foundation for Climate Protection and Carbon Offsets in collaboration with the Zurich Carbon Market Association, the World Bank Partnership for Readiness Meeting held in Washington DC, the World Bank PMR Partners Meeting in Marrakesh, Morocco, Carbon Forum North America, Coalition on Agricultural Greenhouse Gases, ROW Stakeholder Workshop, VerdeXchange, American Planning Association Annual National Conference, Les Affaires Magazine Marché du Carbone ("The Carbon Market") and Business Environmental Leadership Council.

Achievements

MEDIA AND COMMUNICATIONS

Linda Adams and Gary Gero published an op-ed in the Huffington Post titled "California's Cap-and-Trade Program – More Than Just a Solution for California" that discussed the important role of California's Cap-and-Trade Program in building bridges and promoting wider collaboration to address the global problem of climate change.

The Reserve worked with Disney on a video to highlight the Cuyamaca Rancho State Park reforestation project. The Cedar Fire destroyed 95 percent of the conifer forest in California's treasured Cuyamaca Rancho State Park in 2003. With the help of the Walt Disney Company, the state park turned to the carbon market to support reforestation of the forest.

The Reserve was featured in several key media publications, including E&E News, KPCC, Thomson Reuters Point Carbon, Ecosystem Marketplace, Sacramento Bee, Huffington Post, China Daily, Sacramento Business Journal, Bloomberg, Business Insurance, San Diego Union Tribune, Triple Pundit and Biomass Magazine.

Board of Directors

ADVISORY BOARD

- Right Honorable Kim Campbell**
Former Prime Minister of Canada
- Honorable Gray Davis**
Former Governor, State of California;
Of Counsel, Loeb & Loeb
- Honorable Fran Pavley**
California State Senator
- Diane Wittenberg**
Founding President,
California Climate Action Registry
- Ed Begley, Jr.**
Actor and environmental activist

GOVERNING BOARD

- Linda Adams, Chair**
Former Secretary for Environmental Protection, California Environmental Protection Agency; Partner, Clean Tech Advocates
- Peter M. Miller, Secretary**
Senior Scientist, Natural Resources Defense Council
- Jeffrey Kightlinger, Treasurer**
General Manager, Metropolitan Water District of Southern California
- Jan Schori, Audit Committee Chair**
Retired General Manager, Sacramento Municipal Utility District
- Dr. Francisco Barnes**
President, National Institute of Ecology (INE), Mexico
- Jason Clay**
Senior Vice President Market Transformation World Wildlife Fund (WWF)
- Steve Corneli**
Senior Vice President for Sustainability, Strategy and Policy, NRG Energy
- Cynthia Cory**
Director, Environmental Affairs, California Farm Bureau Federation
- Marnie Funk**
Senior Government Relations Advisor, Shell
- John Laird**
Secretary, California Natural Resources Agency
- Peter Liu**
Managing Director, Clean Energy Advantage Partners;
Founder, New Resource Bank
- James Mack**
Head of the British Columbia Climate Action Secretariat, Ministry of Environment
- Betsy Moler**
Retired Executive Vice President, Government Affairs & Policy, Exelon Corporation;
Former Chair, Federal Energy Regulatory Commission
- Tim Profeta**
Director, Nicholas Institute for Environmental Policy Solutions,
Senior Associate Dean, Duke University
- Dr. Stephan Schwartzman**
Director, Tropical Forest Policy, Environmental Defense Fund

FISCAL YEAR 2013 REVENUE AND SUPPORT



FISCAL YEAR 2013 EXPENSES



CONDENSED STATEMENT OF FINANCIAL POSITION

Total Assets	\$ 7,776,317
Liabilities	\$ 6,437,246
Net Assets	\$ 1,339,071
Total Liabilities and Net Assets	\$ 7,776,317
Total Revenues and Other Support	\$ 3,409,363
Expenses	\$ 3,835,858



Financial Summary



Climate Action Reserve
601 W. 5th Street, Suite 650
Los Angeles, California 90071

www.climateactionreserve.org

twitter.com/climatereserve

facebook.com/climateactionreserve

